

TOWN OF BARRINGTON, NEW HAMPSHIRE

Financial Statements

December 31, 2017

and

Independent Auditor's Report

TOWN OF BARRINGTON, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Barrington, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Barrington, New Hampshire (the Town), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on Governmental Activities

As discussed in Note 2 to the financial statements, management has not recorded a liability for other post-employment benefits in governmental activities and, accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other post-employment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position, and change the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter described in the “Basis for Adverse Opinion on Governmental Activities” paragraph, the financial statements referred to above do not present fairly, the financial position of the governmental activities of the Town of Barrington, New Hampshire, as of December 31, 2017, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Town of Barrington, New Hampshire, as of December 31, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, schedule of changes in the Town’s proportionate share of the net pension liability, and schedule of Town contributions, on pages i-vi and 26-30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Barrington, New Hampshire's basic financial statements. The combining nonmajor governmental fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor governmental fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor governmental fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Vachon Cloutay & Company PC

Manchester, New Hampshire
October 2, 2018

**TOWN OF BARRINGTON, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2017**

As management of the Town of Barrington, New Hampshire (the Town), we offer readers this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2017.

A. OVERVIEWS OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The statement of net position presents information on all assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a Town's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**TOWN OF BARRINGTON, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2017**

An annual appropriated budget has been adopted for the General Fund. A budgetary comparison schedule has been provided as required supplementary information for the General Fund, the Town's sole major fund, to demonstrate compliance with this budget.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs.

Notes to basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

B. FINANCIAL HIGHLIGHTS

- No new accounting policies were adopted during the year.
- As of the close of the current fiscal year, total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$14,423,096 (i.e., net position), an increase of \$782,310 in comparison to the prior year.
- Unrestricted net position remained stable experiencing a slight increase of \$9,747 from the prior year, with a year end balance of \$3,637,760.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$6,693,916 an increase of \$322,346 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,207,624, an increase of \$33,569 in comparison to the prior year.
- Total long-term debt (i.e., bonds and capital leases payable) at the close of the current fiscal year was \$43,022, a decrease of (\$12,985) in comparison to the prior year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

**TOWN OF BARRINGTON, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2017**

Statement of Net Position

Net Position of the Town as of December 31, 2017 and 2016, is as follows:

	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Capital assets, net	\$ 10,497,905	\$ 9,866,290
Other assets	<u>17,177,069</u>	<u>17,078,731</u>
Total Assets	<u>27,674,974</u>	<u>26,945,021</u>
 Total Deferred Outflows of Resources	 <u>643,631</u>	 <u>1,010,624</u>
 Long-term liabilities	 4,540,264	 4,861,640
Other liabilities	<u>9,063,800</u>	<u>9,329,420</u>
Total Liabilities	<u>13,604,064</u>	<u>14,191,060</u>
 Total Deferred Inflows of Resources	 <u>291,445</u>	 <u>123,799</u>
 Net Position:		
Net investment in capital assets	10,454,883	9,810,283
Restricted	330,453	202,490
Unrestricted	<u>3,637,760</u>	<u>3,628,013</u>
Total Net Position	<u>\$ 14,423,096</u>	<u>\$ 13,640,786</u>

Statement of Activities

Changes in net position for the years ending December 31, 2017 and 2016, are as follows:

	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Revenues		
Program Revenues:		
Charges for services	\$ 1,016,924	\$ 890,732
Operating grants and contributions	459,839	220,229
Capital grants and contributions	156,233	207,359
General Revenues:		
Property and other taxes	4,272,372	4,106,361
Licenses and permits	2,000,898	1,857,240
Grants and contributions	455,833	455,987
Interest and investment earnings	40,890	23,054
Miscellaneous	<u>1,384</u>	<u>176,995</u>
Total Revenues	<u>8,404,373</u>	<u>7,937,957</u>

**TOWN OF BARRINGTON, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2017**

Expenses		
General government	1,562,945	1,648,321
Public safety	2,174,550	2,017,323
Highways and streets	1,943,324	1,881,777
Sanitation	345,076	324,745
Water distribution and treatment	4,800	4,600
Health and welfare	82,024	59,643
Culture and recreation	947,971	900,727
Conservation	561,373	5,991
Total Expenses	<u>7,622,063</u>	<u>6,843,127</u>
Change in Net Position	782,310	1,094,830
Net Position, beginning of year	<u>13,640,786</u>	<u>12,545,956</u>
Net Position, end of year	<u>\$ 14,423,096</u>	<u>\$ 13,640,786</u>

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. At the close of the most recent fiscal year, total net position was \$14,423,096, an increase of \$782,310 from the prior year.

Net position in the amount of \$10,454,883 reflects our net investment in capital assets. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position of \$330,453 represents resources that are subject to external restrictions on how they may be used. The unrestricted net position of \$3,637,760 primarily results from revenues in excess of expenses carried forward from year to year, as well as budget constraints imposed by adherence to economic constraints.

D. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, unassigned fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$6,693,916, a change of \$322,346 in comparison to the prior year. Key elements of the change were revenues in excess of expenditures by \$357,624 in the General Fund and expenditures in excess of revenues in the Nonmajor Governmental Funds by (\$35,278).

**TOWN OF BARRINGTON, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2017**

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,207,624, while total fund balance was \$5,548,986.

As of December 31, 2017, the Town of Barrington's General Fund reported an ending *Unassigned Fund Balance* (non-GAAP Budgetary Basis, see Schedule 1) of \$4,470,997, a decrease of (\$52,863). The variance from the GAAP Basis Unassigned Fund Balance of \$3,207,624 (see Exhibit C) is the result of uncollected tax revenue under the 60-day tax rule of \$1,263,373. For reporting on the State Form MS-535 the Town reported Unassigned Fund Balance of \$5,025,047 of which \$554,050 was designated as surplus to be used to offset subsequent year appropriations and was considered Assigned Fund Balance for GAAP and Budgetary Basis reporting. The Town's ending Unassigned Fund Balance was in line with the recommendations of the NH Department of Revenue Administration.

General Fund Budget. During the year, the General Fund's original budget for both revenues and appropriations was increased due to acceptance of unanticipated grant awards in the amount of \$185,620, then subsequently decreased for carryforward appropriations in the amount of (\$230,000) and (\$334,671) for revenues and appropriations, respectively. The Town under expended its appropriations budget by \$240,717 and realized saving in all functions, with the exceptions of Culture and Recreation and Health and Welfare. Actual revenues were greater than budgeted in all functions, with the exception of Intergovernmental, which was below budgeted estimates. The largest increase of actual revenue over budget was seen in Licenses and Permits.

E. CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets at year-end amounted to \$10,497,905 (net of accumulated depreciation), a change of \$631,615 from the prior year. This investment in capital assets includes land, land improvements, buildings and building improvements, machinery, vehicles and equipment, software and other related equipment, and infrastructure. Major capital asset additions included \$740,902 of road replacements, \$292,892 Young Road Culvert and \$102,800 for John Deere backhoe. In the current year, disposals were limited to several vehicles which had been in services for numerous years.

Additional information on capital assets can be found in the notes to the basic financial statements.

Long-term debt. At the end of the current fiscal year, the Town had no general obligation bonds or notes outstanding. The Town has an outstanding capital lease obligation payable of \$43,022, which decreased by (\$12,985) from the prior year as a result of scheduled payments.

Additional information on long-term debt can be found in the notes to the basic financial statements.

**TOWN OF BARRINGTON, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2017**

ECONOMIC FACTORS

Taxes continue to remain an important factor in funding the Town's general operations, representing 51% of total governmental resources. Motor vehicle, building permits and other permit fees comprise 24% of total resources while Intergovernmental revenues make up 13%. Charges for services also account for 12%, while Interest and Miscellaneous amounts account for less than < 1%. The overall economy in the Town is improving as evidenced from the significant number of new building permits, low overall unemployment, and rising home prices.

REQUESTS FOR INFORMATION

This financial report provides our citizens and creditors with a general overview of the Town of Barrington, New Hampshire's finances. It demonstrates accountability for the funds the Town receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Administrator, PO Box 660, Barrington, NH 03825, call (603) 664-9007, or email at Barringtonta@gmail.com.

EXHIBIT A
TOWN OF BARRINGTON, NEW HAMPSHIRE
Statement of Net Position
December 31, 2017

	Governmental <u>Activities</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 15,453,998
Investments	50,000
Taxes receivable, net	1,542,651
Accounts receivable, net	125,708
Prepaid expenses	4,712
Total Current Assets	<u>17,177,069</u>
Noncurrent Assets:	
Capital assets:	
Non-depreciable capital assets	4,396,116
Depreciable capital assets, net	6,101,789
Total Noncurrent Assets	<u>10,497,905</u>
Total Assets	<u>27,674,974</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to net pension liability	643,631
Total Deferred Outflows of Resources	<u>643,631</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	431,486
Accrued expenses	71,324
Due to other governments	8,551,076
Deposits	9,914
Current portion of capital lease payable	13,640
Current portion of accrued landfill postclosure care costs	6,000
Total Current Liabilities	<u>9,083,440</u>
Noncurrent Liabilities:	
Capital lease payable	29,382
Compensated absences payable	205,531
Accrued landfill postclosure care costs	66,000
Net pension liability	4,219,711
Total Noncurrent Liabilities	<u>4,520,624</u>
Total Liabilities	<u>13,604,064</u>
DEFERRED INFLOWS OF RESOURCES	
Property taxes collected in advance	135,334
Deferred inflows related to net pension liability	156,111
Total Deferred Inflows of Resources	<u>291,445</u>
NET POSITION	
Net investment in capital assets	10,454,883
Restricted	330,453
Unrestricted	3,637,760
Total Net Position	<u>\$ 14,423,096</u>

See accompanying notes to the basic financial statements

EXHIBIT B
TOWN OF BARRINGTON, NEW HAMPSHIRE
Statement of Activities
For the Year Ended December 31, 2017

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
General government	\$ 1,562,945	\$ 25,826			\$ (1,537,119)
Public safety	2,174,550	371,417	\$ 4,759		(1,798,374)
Highways and streets	1,943,324		402,733	\$ 156,233	(1,384,358)
Sanitation	345,076	152,691			(192,385)
Water distribution and treatment	4,800				(4,800)
Health and welfare	82,024	11,447			(70,577)
Culture and recreation	947,971	455,543	20,898		(471,530)
Conservation	561,373		31,449		(529,924)
Total governmental activities	<u>\$ 7,622,063</u>	<u>\$ 1,016,924</u>	<u>\$ 459,839</u>	<u>\$ 156,233</u>	<u>(5,989,067)</u>
General revenues:					
Property and other taxes					4,272,372
Licenses and permits					2,000,898
Grants and contributions:					
Rooms and meals tax distribution					455,833
Interest and investment earnings					40,890
Miscellaneous					1,384
Total general revenues					<u>6,771,377</u>
Change in net position					782,310
Net Position at beginning of year					<u>13,640,786</u>
Net Position at end of year					<u>\$ 14,423,096</u>

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF BARRINGTON, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2017

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 14,207,660	\$ 1,246,338	\$ 15,453,998
Investments		50,000	50,000
Taxes receivable, net	1,542,651		1,542,651
Accounts receivable, net	120,208	5,500	125,708
Due from other funds	179,974	28,041	208,015
Prepaid expenses	4,712		4,712
Total Assets	<u>16,055,205</u>	<u>1,329,879</u>	<u>17,385,084</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 16,055,205</u>	<u>\$ 1,329,879</u>	<u>\$ 17,385,084</u>
LIABILITIES			
Accounts payable	\$ 426,511	\$ 4,975	\$ 431,486
Accrued expenses	70,123		70,123
Due to other governments	8,551,076		8,551,076
Due to other funds	28,041	179,974	208,015
Deposits	9,914		9,914
Total Liabilities	<u>9,085,665</u>	<u>184,949</u>	<u>9,270,614</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes collected in advance	135,334		135,334
Uncollected property taxes	1,263,373		1,263,373
Uncollected land use change tax	21,847		21,847
Total Deferred Inflows of Resources	<u>1,420,554</u>	<u>-</u>	<u>1,420,554</u>
FUND BALANCES			
Nonspendable	4,712	79,008	83,720
Restricted	147,659	103,786	251,445
Committed	1,634,777	962,136	2,596,913
Assigned	554,214		554,214
Unassigned	3,207,624		3,207,624
Total Fund Balances	<u>5,548,986</u>	<u>1,144,930</u>	<u>6,693,916</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 16,055,205</u>	<u>\$ 1,329,879</u>	<u>\$ 17,385,084</u>

See accompanying notes to the basic financial statements

EXHIBIT C-1
TOWN OF BARRINGTON, NEW HAMPSHIRE
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2017

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 6,693,916
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	10,497,905
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Taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis.	1,285,220
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Deferred outflows of resources and deferred inflows of resources that do not require or provide the use of current financial resources are not reported within the funds.

Deferred outflows of resources attributable to net pension liability	643,631
Deferred inflows of resources attributable to net pension liability	(156,111)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:

Capital lease payable	(43,022)
Accrued interest on long-term obligations	(1,201)
Compensated absences payable	(205,531)
Accrued landfill postclosure care costs	(72,000)
Net pension liability	<u>(4,219,711)</u>

Net Position of Governmental Activities (Exhibit A)	<u>\$ 14,423,096</u>
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EXHIBIT D
TOWN OF BARRINGTON, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:			
Taxes	\$ 4,237,721	\$ 128,736	\$ 4,366,457
Licenses and permits	2,000,898		2,000,898
Intergovernmental	1,014,799	400	1,015,199
Charges for services	356,954	659,970	1,016,924
Interest and investment income	33,505	7,385	40,890
Miscellaneous	24,984	56,706	81,690
Total Revenues	<u>7,668,861</u>	<u>853,197</u>	<u>8,522,058</u>
Expenditures:			
Current operations:			
General government	1,538,467		1,538,467
Public safety	1,890,202	148,138	2,038,340
Highways and streets	2,058,716		2,058,716
Sanitation	340,673		340,673
Water distribution and treatment	4,800		4,800
Health and welfare	82,024		82,024
Culture and recreation	519,734	408,964	928,698
Conservation		331,373	331,373
Capital outlay	<u>876,621</u>		<u>876,621</u>
Total Expenditures	<u>7,311,237</u>	<u>888,475</u>	<u>8,199,712</u>
Net change in fund balances	357,624	(35,278)	322,346
Fund balances at beginning of year	<u>5,191,362</u>	<u>1,180,208</u>	<u>6,371,570</u>
Fund balances at end of year	<u>\$ 5,548,986</u>	<u>\$ 1,144,930</u>	<u>\$ 6,693,916</u>

See accompanying notes to the basic financial statements

EXHIBIT D-1
TOWN OF BARRINGTON, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2017

Net Change in Fund Balances - Governmental Funds (Exhibit D)	\$ 322,346
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	655,215
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(94,085)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the gain on the disposal of capital assets reduced by the actual proceeds received from the disposal.	(23,600)
Repayment of principal on capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	12,985
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds, an interest expenditure is reported when due.	363
Some expenses reported in the statement of activities, such as compensated absences and accrued landfill postclosure care costs, do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.	16,747
Governmental funds report pension contributions as expenditures. However, in the statement of activities, pension expense reflects the change in the net pension liability and related deferred outflows and inflows of resources, and does not require the use of current financial resources. This is the amount by which pension expense exceeded pension contributions in the current period.	<u>(107,661)</u>
Change in Net Position of Governmental Activities (Exhibit B)	<u>\$ 782,310</u>

See accompanying notes to the basic financial statements

EXHIBIT E
TOWN OF BARRINGTON, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2017

	Agency Funds
ASSETS	
Cash and cash equivalents	<u>\$ 2,090,565</u>
Total Assets	<u>\$ 2,090,565</u>
LIABILITIES	
Due to other governments	\$ 1,907,645
Due to developers	<u>182,920</u>
Total Liabilities	<u>\$ 2,090,565</u>

See accompanying notes to the basic financial statements

TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Barrington, New Hampshire conform to accounting policies generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

Financial Reporting Entity

The Town of Barrington, New Hampshire (the “Town”) was incorporated in 1722. The Town operates under the Town Meeting/Board of Selectmen form of government and performs local governmental functions as authorized by State law.

The financial statements include those of the various departments governed by the Board of Selectmen and other officials with financial responsibility. The Town has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by the Governmental Accounting Standards Board (GASB).

Basis of Presentation

The Town’s basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements:

The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the Town at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town’s governmental activities. Direct expenses are those that are specifically associated with a service, program, or department, and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

2. Fund Financial Statements:

During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2017

Fund Accounting

The Town uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Town employs the use of two categories of funds: governmental and fiduciary.

1. Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances, of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is reported as fund balance. The following is the Town's sole major governmental fund:

The *General Fund* is the main operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund.

2. Fiduciary Funds:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category for the Town is comprised solely of agency funds. Trust funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs. The Town's agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The Town's agency funds consist of capital reserve funds of the Barrington School District and Swains Lake Village Water District, which are held by the Town as required by State law. Other agency funds consist of developer's performance deposits.

Measurement Focus

1. Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the Town are included on the Statement of Net Position.

2. Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better

TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2017

identify the relationship between the government-wide statements and the statements for governmental funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

1. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Town, available means expected to be received within sixty days of year end.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (see Note 11). Revenue from grants, entitlements, and donations, are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes, charges for services, and interest on investments.

Licenses and permits and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Grants and entitlements received before the eligibility requirements are met are recorded as advances from grantors. On governmental fund financial statements, taxes receivable that will not be collected within the available period have been reported as deferred inflows of resources.

2. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2017

Budgetary Data

The Town's budget represents functional appropriations as authorized by annual or special Town meetings. The Selectmen may transfer funds between operating categories as they deem necessary. The Town adopts its budget under State regulations, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the year ended December 31, 2017, the Town did not apply any of its unappropriated fund balance to reduce taxes and \$726,536 was appropriated from surplus.

Investments

Investments are stated at their fair value in all funds. Certificates of deposit with a maturity of greater than ninety days from the date of issuance are included in investments.

Taxes Receivable

Taxes levied during the current year and prior and uncollected at December 31, 2017 are recorded as receivables net of reserves for estimated uncollectibles of \$265,033.

Accounts Receivable

Charges for services billed during the current fiscal year and prior and uncollected at December 31, 2017 are recorded as receivables net of reserves for estimated uncollectibles of \$253,519.

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets including infrastructure are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The Town maintains a capitalization threshold of \$5,000 and an estimated useful life in excess of one year. The Town's infrastructure consists of roads and similar items. The Town is not required to retroactively report its general infrastructure. Infrastructure records have been maintained effective January 1, 2003 and are included in these financial statements. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Town's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2017

<u>Description</u>	<u>Years</u>
Land improvements	20-30
Buildings and improvements	30-50
Machinery, vehicles and equipment	5-30
Software and other related equipment	10
Infrastructure	20

Compensated Absences

All regular employees who work a minimum of 20 hours per week accrue earned time benefits (vacation, personal and sick leave) at varying amounts dependent upon length of service and number of hours worked in a regular week. Full-time employees may accrue up to a maximum of 320 hours and part-time employees may accumulate up to a maximum of 8 times their regular work week hours. Any hours earned in excess of the applicable maximum limits will be forfeited at each year-end without compensation. Upon termination of employment, employees will be paid for all accrued and unused earned time up to allowable maximum limits.

Employees hired prior to December 31, 2000 with previously accrued and unused sick time, are entitled to certain extended sick leave benefits. During October 2012, all previously accrued and unused sick time was converted to dollar balances at each employee's current rate of pay. No additional sick time may be accrued. Upon separation of employment, accumulated unused sick time balances shall be forfeited, however, employees who separate employment in good standing with the Town, will be paid for their accumulated balance on a prorated basis which is dependent upon length of service.

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures, as payments come due each period upon the occurrence of employee death or retirement. The entire compensated absence liability is reported on the government-wide financial statements.

Accrued Liabilities and Long-Term Obligations

Except for the obligation for other post-employment benefits (see Note 2), all payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2017

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction, or improvement, of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources, that is not included in the determination of net investment in capital assets or the restricted components of net position.

The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance Policy

Under GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Town has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. The components of fund balance are defined as follows:

- *Nonspendable Fund Balance*: Amounts that are not in a spendable form or are required to be maintained intact.
- *Restricted Fund Balance*: Amounts constrained to specific purposes stipulated by external resource providers or through enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers or through enabling legislation.
- *Committed Fund Balance*: Includes amounts that can be used only for the specific purposes imposed by a formal action of the Town's highest level of decision making authority (the Annual Town Meeting). Commitments may be changed or lifted only by taking the same formal action that imposed the constraint originally.
- *Assigned Fund Balance*: Amounts the Town intends to use for specific purposes. Intent can be expressed by the Board of Selectmen or by an official to which the Board of Selectmen delegates the authority. For all governmental funds other than the General Fund, any remaining positive fund balance is to be classified as "Assigned".
- *Unassigned Fund Balance*: Amounts that are not obligated or specifically designated for a specified use and are available for any purpose. The residual classification of any General Fund balance is to be reported here. Any deficit balance of another governmental fund is also classified as "Unassigned".

Spending Prioritizations

In circumstances where expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts then unassigned amounts.

TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2017

Minimum Level of Unassigned Fund Balance

The Town will maintain an appropriate level of unassigned fund balance following guidelines established by the NH Government Finance Officers Association that municipalities retain between 8% and 17% of regular general fund operating appropriations. This is calculated by adding the municipality's general fund operating appropriations, the state education tax amount, the local school net tax commitment, and the county appropriation.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Other Post-Employment Benefits

The Town has not implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Statement 45 requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The provisions of GASB Statement 45 were required to be implemented by the Town during the year ended December 31, 2009.

NOTE 3—DEPOSITS AND INVESTMENTS

Deposits and investments as of December 31, 2017 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 15,453,998
Investments	50,000
Statement of Fiduciary Net Position:	
Cash and cash equivalents	<u>2,090,565</u>
	<u>\$ 17,594,563</u>

TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2017

Deposits and investments at December 31, 2017 consist of the following:

Cash on hand	\$ 493
Deposits with financial institutions	17,544,070
Investments	50,000
	<u>\$ 17,594,563</u>

The Town's investment policy for governmental funds requires deposits be made in federally insured banks chartered under the laws of New Hampshire or the federal government with a branch within the State and federally insured banks outside the State, if such banks pledge and deliver collateral security to a third party custodial bank or the Federal Reserve Bank. The Town limits its investments for governmental funds to the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool in accordance with New Hampshire State law and federally insured banks chartered under the laws of New Hampshire, or the federal government with a branch within the State to the following investment types: money market accounts, certificates of deposit, repurchase agreements, all other types of interest bearing accounts, or obligations fully guaranteed as to principal and interest by the United States government.

Responsibility for the investments of the trust funds is with the Board of Trustees. Investments of the library funds are made at the discretion of the Library Trustees.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town's investment policy requires that funds invested in accounts other than general checking shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. Return on investments is of secondary importance compared to safety and liquidity needs. Yield is controlled by the Town through contact with bank representatives to maintain current rates.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of investments by maturity:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Remaining Maturity (In Years)</u>		
		<u>0-1 Years</u>	<u>1-5 Years</u>	<u>> 5 Years</u>
US Treasury Bond	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ -</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. For assurance against custodial credit risk, the Town requires full collateralization by all banks for which Town deposits are held.

Of the Town's deposits with financial institutions at year end, \$18,312,516 was collateralized by Irrevocable Stand-by Letters of Credit. As of December 31, 2017, Town investments in US Treasury Bonds were held by the same counterparty that was used to buy the securities.

TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2017

Fair Value Measurement of Investments

In accordance with GASB Statement 72, *Fair Value Measurement and Application*, the Town categorizes the fair value measurements of its investments within the fair value hierarchy established by accounting principles generally accepted in the United States. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows (in order of priority):

- Level 1 Inputs - Inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date.
- Level 2 Inputs - Inputs other than quoted prices that are observable for assets or liabilities either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 Inputs - Significant unobservable inputs.

As of December 31, 2017, the Town's investments measured at fair value, by type, were as follows:

<u>Investment Type</u>	<u>Fair Value Measurements Using:</u>			<u>Totals</u>
	<u>Level 1</u> <u>Inputs</u>	<u>Level 2</u> <u>Inputs</u>	<u>Level 3</u> <u>Inputs</u>	
US Treasury Bond	\$ -	\$ 50,000	\$ -	\$ 50,000

Investment in US Treasury bond classified as Level 2 was valued using a matrix pricing model.

NOTE 4—CAPITAL ASSETS

The following is a summary of changes in capital assets of the governmental activities:

	<u>Balance</u> <u>01/01/17</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/17</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 3,912,982			\$ 3,912,982
Construction in progress	123,040	\$ 360,094		483,134
Total capital assets not being depreciated	4,036,022	360,094	\$ -	4,396,116
Other capital assets:				
Land improvements	50,042			50,042
Buildings and improvements	1,580,993			1,580,993
Machinery, vehicles and equipment	2,607,709	227,629	(113,600)	2,721,738
Software and other related equipment	-	59,172		59,172
Infrastructure	6,380,625	740,902		7,121,527
Total other capital assets at historical cost	10,619,369	1,027,703	(113,600)	11,533,472
Less accumulated depreciation for:				
Land improvements	(38,345)	(749)		(39,094)
Buildings and improvements	(547,485)	(30,101)		(577,586)
Machinery, vehicles and equipment	(1,429,502)	(182,734)	90,000	(1,522,236)
Software and other related equipment	-	(5,917)		(5,917)
Infrastructure	(2,773,769)	(513,081)		(3,286,850)
Total accumulated depreciation	(4,789,101)	(732,582)	90,000	(5,431,683)
Total other capital assets, net	5,830,268	295,121	(23,600)	6,101,789
Total capital assets, net	\$ 9,866,290	\$ 655,215	\$ (23,600)	\$ 10,497,905

TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2017

Depreciation expense was charged to governmental functions as follows:

General government	\$ 6,601
Public safety	122,407
Highways and streets	593,335
Sanitation	6,543
Culture and recreation	3,696
Total governmental activities depreciation expense	<u>\$ 732,582</u>

The balance of assets acquired through capital lease issuance as of December 31, 2017 is as follows:

Machinery, vehicles and equipment	\$ 127,957
Less: Accumulated depreciation	(58,780)
	<u>\$ 69,177</u>

NOTE 5—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the Town's long-term obligations of the governmental activities for the year ended December 31, 2017 are as follows:

	Balance 1/1/2017	Additions	Reductions	Balance 12/31/2017	Due Within One Year
Governmental activities:					
Capital lease payable	\$ 56,007		\$ (12,985)	\$ 43,022	\$ 13,640
Compensated absences payable	216,278	\$ 28,143	(38,890)	205,531	
	<u>\$ 272,285</u>	<u>\$ 28,143</u>	<u>\$ (51,875)</u>	<u>\$ 248,553</u>	<u>\$ 13,640</u>

Payments made on the capital lease obligation are paid out of the General Fund. Compensated absences payments will also be paid from the General Fund.

Capital Lease Obligations

Capital lease obligations represent lease agreements entered into for the financing of vehicle acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable functions. The following is the individual capital lease obligation outstanding at December 31, 2017:

Highway Tractor, due in annual installments of \$15,813, including interest at 5.05%, through June 2020	<u>\$ 43,022</u>
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Debt service requirements to retire the capital lease obligation outstanding at December 31, 2017 are as follows:

TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2017

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	\$ 13,640	\$ 2,173	\$ 15,813
2019	14,329	1,484	15,813
2020	15,053	760	15,813
	<u>\$ 43,022</u>	<u>\$ 4,417</u>	<u>\$ 47,439</u>

NOTE 6—LANDFILL POSTCLOSURE CARE COSTS

State and federal laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The Town's landfill ceased operations and was closed in the year 2000. An estimated liability has been recorded based on the future post-closure care costs that will be incurred. The estimated accrued liability for landfill post-closure care costs has a balance of \$72,000 as of December 31, 2017. The estimated total current cost of the landfill post-closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor and maintain the landfill were acquired as of December 31, 2017. However, the actual cost of post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The remaining post-closure care costs are expected to be financed through annual taxation.

The following is a summary of changes in the estimated liability for post-closure care costs for the year ended December 31, 2017:

Balance January 1, 2017	\$ 78,000
Change in estimated liability	(2,509)
Expenditures recognized in the General Fund	(3,491)
Balance December 31, 2017	<u>\$ 72,000</u>

NOTE 7—DEFINED BENEFIT PENSION PLAN

Plan Description

The Town contributes to the New Hampshire Retirement System (NHRS), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. The New Hampshire Retirement System is a public employee retirement system that administers a single cost-sharing multiple-employer defined benefit pension plan. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301, or from their website at www.nhrs.org.

Substantially all full-time state and local employees, public school teachers, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan.

TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2017

The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II. All assets are held in a single trust and are available to pay retirement benefits to all members.

Benefits Provided

Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension amount is 1/60 or 1.667% of average final compensation (AFC), multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at 1/66 or 1.515% of AFC multiplied by years of creditable service.

Group II members vested by January 1, 2012, who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have not attained status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the benefit commencement date precedes the month after which the member attains 52.5 years of age by 1/4 of 1%. For Group II members who commenced service prior to July 1, 2011, who have not attained vested status prior to January 1, 2012, benefits are calculated depending on age and years of creditable service as follows:

Years of Creditable Service as of <u>January 1, 2012</u>	<u>Minimum Age</u>	<u>Minimum Service</u>	<u>Benefit Multiplier</u>
At least 3 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

Members of both groups may qualify for vested deferred allowances, disability allowances and death benefit allowances subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation and/or service.

Funding Policy

Covered police officers and fire employees are required to contribute 11.55% and 11.80%, respectively, of their covered salary, whereas general employees are required to contribute 7.0% of their covered salary. The Town is required to contribute at an actuarially determined rate. The Town's contribution rates for the covered payroll of police officers, fire employees, and general employees were 22.54%, 25.32%, and 10.86%, respectively, through June 30, 2017 and 25.33%, 27.79%, and 11.08%, respectively, thereafter. The Town contributed 100% of the employer cost for public safety and general employees of the Town.

TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2017

Per RSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contributions to the NHRS for the year ended December 31, 2017 were \$331,989.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At December 31, 2017, the Town reported a liability of \$4,219,711 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by a roll forward of the actuarial valuation from June 30, 2016. The Town's proportion of the net pension liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2017, the Town's proportion was approximately 0.0858 percent, which was an increase of approximately 0.001 percentage points from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Town recognized pension expense of \$439,650. At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 9,568	\$ 53,705
Change in assumptions	423,715	
Net difference between projected and actual investment earnings on pension plan investments		53,740
Changes in proportion and differences between Town contributions and share of contributions	36,474	48,666
Town contributions subsequent to the measurement date	173,874	
Totals	<u>\$ 643,631</u>	<u>\$ 156,111</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pension is reflected as an increase to unrestricted net position in the amount of \$487,520. The Town reported \$173,874 as deferred outflows of resources related to pension resulting from Town contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the measurement period ended June 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized as pension expense in the measurement periods as follows:

TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2017

Year Ending June 30	
2018	\$ 69,713
2019	172,067
2020	133,170
2021	(61,304)
	<u>\$ 313,646</u>

Actuarial Assumptions

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2016, using the following actuarial assumptions:

Inflation	2.5 percent
Wage inflation	3.25 percent
Salary increases	5.6 percent, average, including inflation
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 employee generational mortality tables for males and females, adjusted for mortality improvements using Scale MP-2015, based on the last experience study. Retirement rates were based on a table of rates that are specific to the type of eligibility condition, last updated in 2015 pursuant to an experience study of the period July 1, 2010 – June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of weighted average long-term expected real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Net of inflation assumption of 3.25%)</u>
Fixed income	25%	(0.25)-2.11%
Domestic equity	30%	4.25-4.50%
International equity	20%	4.50-6.25%
Real estate	10%	3.25%
Private equity	5%	6.25%
Private debt	5%	4.75%
Opportunistic	5%	2.84%
Total	<u>100%</u>	

TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2017

Discount Rate

The discount rate used to measure the collective pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer contributions are projected based on the expected payroll of current members only. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the collective pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	1% Decrease (6.25%)	Discount rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of the net pension liability	\$ 5,559,257	\$ 4,219,711	\$ 3,122,005

NOTE 8—INTERFUND BALANCES AND TRANSFERS

The Town maintains separate cash accounts for its governmental and fiduciary funds; however, most cash transactions flow through the General Fund. For accounting and reporting purposes, the portion of cash applicable to a particular fund is reported in the specific fund as an interfund balance. Interfund balances at December 31, 2017 are as follows:

	General Fund	Due from Nonmajor Governmental Funds	Totals
Due to General Fund		\$ 179,974	\$ 179,974
Nonmajor Governmental Funds	\$ 28,041		28,041
	<u>\$ 28,041</u>	<u>\$ 179,974</u>	<u>\$ 208,015</u>

NOTE 9—RESTRICTED NET POSITION

Net position of governmental activities is restricted for specific purposes at December 31, 2017 as follows:

State of NH SB38 - Highway Block Grant Funds	\$ 147,659
Permanent Funds - Principal	70,967
Permanent Funds - Income	24,816
Library funds	87,008
Grant funds	3
	<u>\$ 330,453</u>

TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2017

NOTE 10—COMPONENTS OF FUND BALANCE

The components of the Town's fund balance for its governmental funds at December 31, 2017 are as follows:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Nonspendable:</i>			
Prepaid expenses	\$ 4,712		\$ 4,712
Permanent Funds - Principal		\$ 70,967	70,967
Library Fund - Endowment		8,041	8,041
<i>Restricted for:</i>			
State of NH SB38 - Highway Block Grant Funds	147,659		147,659
Permanent Funds - Income		24,816	24,816
Library Fund		78,967	78,967
Grants Fund		3	3
<i>Committed for:</i>			
Expendable Trust Funds	1,447,765		1,447,765
Carryforward appropriations	187,012		187,012
Ambulance Revolving Fund		292,216	292,216
Conservation Commission Fund		64,683	64,683
Recreation Fund		587,694	587,694
Police Details Fund		17,543	17,543
<i>Assigned for:</i>			
Designated for subsequent year appropriation	554,050		554,050
Encumbrances	164		164
<i>Unassigned:</i>			
Unassigned - General operations	3,207,624		3,207,624
	<u>\$ 5,548,986</u>	<u>\$ 1,144,930</u>	<u>\$ 6,693,916</u>

NOTE 11—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$989,605,402 as of April 1, 2017) and are due in two installments on July 3, 2017 and December 4, 2017. Taxes paid after the due dates accrue interest at 12% per annum. Property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year-end).

Under State law, the Tax Collector obtains tax liens on properties which have unpaid taxes in the following calendar year after taxes were due for the amount of unpaid taxes, interest, and costs. These priority tax liens accrue interest at 18% per annum. If the property is not redeemed within a two year redemption period, the property may be tax deeded to the Town.

In accordance with State law, the Town collects taxes for the Barrington School District and Strafford County, both independent governmental units, which are remitted to them as required by law. The Town also collects State of New Hampshire education taxes, which are remitted directly to the School District. Total taxes appropriated during the year were \$17,038,371 and \$2,591,126 for the Barrington School District and Strafford County, respectively. These taxes are not recognized as revenues in these financial statements. The Town bears responsibility for uncollected taxes.

TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2017

At December 31, 2017, the balance of the property tax appropriation due to the Barrington School District is \$8,548,814 and has been reported in the General Fund within the 'Due to other governments' liability in these financial statements.

NOTE 12—RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2017, the Town was a member of and participated in a public entity risk pool (Trust) for property and liability insurance and worker's compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

The Trust agreements permit the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years. Claims, expenditures, and liabilities, are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information, there is no liability at December 31, 2017.

Property and Liability Insurance

The Trust provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the Town shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self-Insured Retention Fund from which is paid up to \$200,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$1,200,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

Worker's Compensation

The Trust provides statutory worker's compensation coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to \$2,000,000. The program includes a Loss Fund from which is paid up to \$500,000 for each and every covered claim.

NOTE 13—COMMITMENTS

Rental Agreement

During July 2011, the Town entered into an agreement to lease a building to be utilized as a temporary Town Hall and administrative office building. The initial terms of the lease agreement were for a one-year period commencing August 1, 2011 with 4 separate one-year renewal options. In the prior year, the Town and landlord agreed to an amendment of the lease which granted the Town an additional one-year extension to run from August 1, 2016 through July 31, 2017. During the current year, the Town and landlord agreed

TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2017

to an amendment to extend the term to an open-ended lease. All other terms, conditions, rights and obligations remain unchanged. Terms of the agreement call for monthly payments of \$3,400 and the Town is solely responsible for annual real estate taxes due on the leased premises. Total rental expenditures under the terms of the amended agreement for the year ended December 31, 2017 were \$52,766.

NOTE 14—CONTINGENCIES

Litigation

In the opinion of Town management, any potential claims against the Town which are not covered by insurance are immaterial and would not affect the financial position of the Town.

NOTE 15—FUTURE ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which the Town is required to implement in the fiscal year ending December 31, 2018. This pronouncement will have a potentially significant impact on the Town's government-wide financial statements. The Town will be required to report its proportional share of the New Hampshire Retirement System's unfunded OPEB liability in the financial statements for the fiscal year beginning after June 15, 2017. Additionally, Statement No. 75 modifies the allowable methods, recognition and measurement criteria related to how the Town accounts for and reports its single employer OPEB plan.

NOTE 16—SUBSEQUENT EVENTS

During January 2018, the Town issued a general obligation bond in the amount of \$230,000 for the purpose of a Conservation Land Easement Purchase. The general obligation bond has an annual interest rate of 2.35% and a maturity date of July 26, 2018.

SCHEDULE 1
TOWN OF BARRINGTON, NEW HAMPSHIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 4,020,219	\$ 4,020,219	\$ 4,141,289	\$ 121,070
Licenses and permits	1,692,800	1,692,800	1,941,813	249,013
Intergovernmental	876,593	1,062,213	1,014,799	(47,414)
Charges for services	220,000	220,000	356,954	136,954
Interest income	12,000	12,000	28,256	16,256
Miscellaneous	13,700	13,700	24,984	11,284
Total Revenues	<u>6,835,312</u>	<u>7,020,932</u>	<u>7,508,095</u>	<u>487,163</u>
Expenditures:				
Current operations:				
General government	1,599,504	1,599,504	1,511,431	88,073
Public safety	1,965,483	1,965,483	1,890,202	75,281
Highways and streets	2,123,624	2,123,624	2,058,716	64,908
Sanitation	357,767	357,767	327,273	30,494
Water distribution and treatment	17,800	17,800	4,800	13,000
Health and welfare	60,709	60,709	82,024	(21,315)
Culture and recreation	506,778	506,778	519,187	(12,409)
Capital outlay	827,080	678,029	675,347	2,682
Debt service:				
Principal retirement	1	1	-	1
Interest and fiscal charges	2	2	-	2
Total Expenditures	<u>7,458,748</u>	<u>7,309,697</u>	<u>7,068,980</u>	<u>240,717</u>
Excess revenues over (under) expenditures	<u>(623,436)</u>	<u>(288,765)</u>	<u>439,115</u>	<u>727,880</u>
Other financing sources (uses):				
Proceeds from bond issuance	230,000	-	-	-
Transfers in	-	-	63,708	63,708
Transfers out	(333,100)	(333,100)	(333,100)	-
Total other financing sources (uses)	<u>(103,100)</u>	<u>(333,100)</u>	<u>(269,392)</u>	<u>63,708</u>
Net change in fund balance	<u>(726,536)</u>	<u>(621,865)</u>	<u>169,723</u>	<u>791,588</u>
Fund balance at beginning of year				
- Budgetary Basis	<u>5,194,707</u>	<u>5,194,707</u>	<u>5,194,707</u>	<u>-</u>
Fund balance at end of year				
- Budgetary Basis	<u>\$ 4,468,171</u>	<u>\$ 4,572,842</u>	<u>\$ 5,364,430</u>	<u>\$ 791,588</u>

See accompanying notes to the required supplementary information

SCHEDULE 2**TOWN OF BARRINGTON, NEW HAMPSHIRE****Schedule of Changes in the Town's Proportionate Share of the Net Pension Liability**

For the Year Ended December 31, 2017

<u>For the Measurement Period Ended</u>	<u>Town's Proportion of the Net Pension Liability</u>	<u>Town's Proportionate Share of the Net Pension Liability</u>	<u>Town's Covered Payroll</u>	<u>Town's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2017	0.0858%	\$ 4,219,771	\$ 1,941,565	217.34%	62.66%
June 30, 2016	0.0848%	\$ 4,511,355	\$ 1,901,391	237.27%	58.30%
June 30, 2015	0.0858%	\$ 3,397,692	\$ 1,877,206	181.00%	65.47%
June 30, 2014	0.0871%	\$ 3,269,851	\$ 1,824,772	179.19%	66.32%
June 30, 2013	0.0869%	\$ 3,739,646	\$ 1,820,197	205.45%	59.81%

See accompanying notes to the required supplementary information

SCHEDULE 3
TOWN OF BARRINGTON, NEW HAMPSHIRE
Schedule of Town Contributions
For the Year Ended December 31, 2017

<u>Year Ended</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Town's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2017	\$ 331,989	\$ (331,989)	-	\$ 1,963,170	16.91%
December 31, 2016	\$ 308,194	\$ (308,194)	-	\$ 1,917,620	16.07%
December 31, 2015	\$ 295,386	\$ (295,386)	-	\$ 1,898,604	15.56%
December 31, 2014	\$ 288,206	\$ (288,206)	-	\$ 1,860,405	15.49%
December 31, 2013	\$ 247,511	\$ (247,511)	-	\$ 1,811,404	13.66%

See accompanying notes to the required supplementary information

TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2017

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

General Fund

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) are reported on the basis budgeted by the Town. Those amounts differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). Property tax budgetary revenues are recognized when levied rather than when susceptible to accrual. Budgetary revenues and other financing sources and expenditures and other financing uses were also adjusted for encumbrances, non-budgetary revenues and expenditures and budgetary transfers in and out as follows:

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 7,668,861	\$ 7,311,237
Difference in revenues meeting susceptible to accrual criteria	(96,432)	
Encumbrances, December 31, 2017		164
Encumbrances, December 31, 2016		(25,000)
Non-budgetary revenues and expenditures	(64,334)	(217,421)
Budgetary transfers in and out	<u>63,708</u>	<u>333,100</u>
Per Schedule 1	<u>\$ 7,571,803</u>	<u>\$ 7,402,080</u>

NOTE 2—BUDGETARY FUND BALANCE

The components of the budgetary fund balance for the General Fund at December 31, 2017 are as follows:

<i>Nonspendable:</i>	
Prepaid expenses	\$ 4,712
<i>Restricted for:</i>	
State of NH SB38 - Highway Block Grant Funds	147,659
<i>Committed for:</i>	
Carry forward appropriations	187,012
<i>Assigned for:</i>	
Designated for subsequent year appropriation	554,050
<i>Unassigned:</i>	
Unassigned - General operations	<u>4,470,997</u>
	<u>\$ 5,364,430</u>

TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
For the Year Ended December 31, 2017

NOTE 3—SCHEDULE OF CHANGES IN THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF TOWN CONTRIBUTIONS

In accordance with GASB Statement #68, *Accounting and Financial Reporting for Pensions*, the Town is required to disclose historical information for each of the prior ten years within a schedule of changes in the Town's proportionate share of the net pension liability, and schedule of Town contributions. The Town implemented the provisions of GASB Statement #68 during the year ended December 31, 2015. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as the information becomes available.

For the June 30, 2015 actuarial valuation, the New Hampshire Retirement System reduced its assumption for the investment rate of return from 7.75% to 7.25%, decreased the price inflation from 3.0% to 2.5%, decreased the wage inflation from 3.75% to 3.25%, and decreased the salary increases from 5.8% to 5.6%. Additionally, the mortality table was changed from the RP-2000 projected to 2020 with Scale AA to the RP-2014 employee generational mortality table for males and females, adjusted for mortality improvements using Scale MP-2015.

SCHEDULE A

Combining Balance Sheet

December 31, 2017

Special Revenue Funds

Cash and cash equivalents

Accounts receivable

Total Assets

0
9
2
2
4
4
1
9
9
4

Total Deferred Outflows of Resources

Total Assets and Deferred Outflows of Resources

Accounts payable

Total Liabilities

Total Deferred Inflows of Resources

Nonspendable

Committed

Total Fuel

Total Liabilities, Defe

and Fund Balances

SCHEDULE B
TOWN OF BARRINGTON, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Funds
For the Year Ended December 31, 2017

Special Revenue Funds

	Library Fund	Ambulance Revolving Fund	Conservation Commission Fund	Grants Fund	Recreation Fund	Outside Details Fund	Total Special Revenue Funds	Permanent Funds	Combining Totals
Revenues:									
Taxes			\$ 128,736				\$ 128,736		\$ 128,736
Intergovernmental			400				400		400
Charges for services		\$ 99,772			\$ 455,543	\$ 104,655	659,970		659,970
Interest and investment income	\$ 3,877		863	3	2,242	73	7,058	\$ 327	7,385
Miscellaneous	15,833		31,449	4,759	4,665		56,706		56,706
Total Revenues	19,710	99,772	161,448	4,762	462,450	104,728	852,870	327	853,197
Expenditures:									
Current operations:									
Public safety		40,991		4,848		102,299	148,138		148,138
Culture and recreation	39,647				369,317		408,964		408,964
Conservation			331,373				331,373		331,373
Total Expenditures	39,647	40,991	331,373	4,848	369,317	102,299	888,475	-	888,475
Net change in fund balances	(19,937)	58,781	(169,925)	(86)	93,133	2,429	(35,605)	327	(35,278)
Fund balances at beginning of year	106,945	233,435	234,608	89	494,561	15,114	1,084,752	95,456	1,180,208
Fund balances at end of year	\$ 87,008	\$ 292,216	\$ 64,683	\$ 3	\$ 587,694	\$ 17,543	\$ 1,049,147	\$ 95,783	\$ 1,144,930